
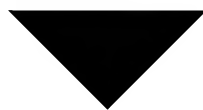
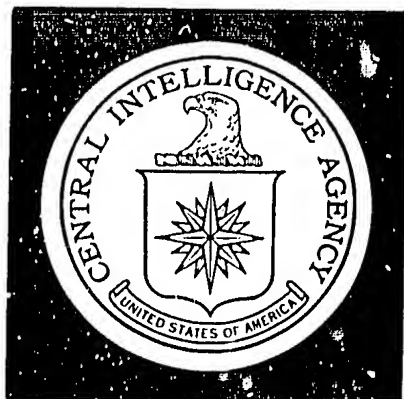


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

ARGENTINA: Lanusse's Political Gambit

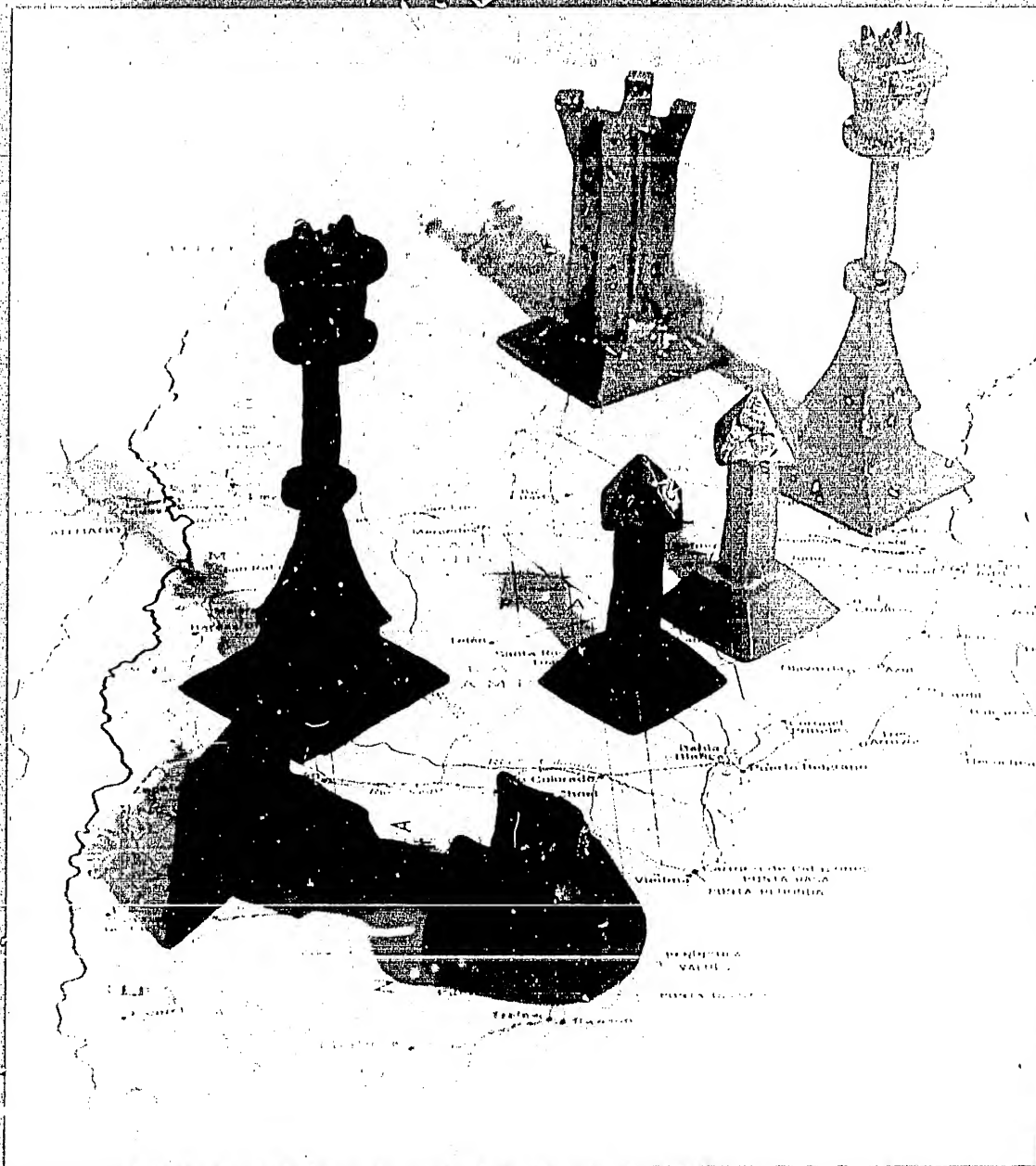
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10 December 1971
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ARGENTINA

Lanús's Political Gambit

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ARGENTINA: LANUSSE'S POLITICAL GAMBIT

When General Alejandro Lanusse took over the presidency of Argentina from General Levingston on 23 March 1971, his leadership capabilities were widely recognized but his political abilities were suspect. He announced that he would return Argentina to an elected form of government and immediately set out to regenerate the political life suspended since the armed forces seized power in 1966. Lanusse visualizes a Grand National Accord in which deep-rooted political differences will be set aside to enable the nation to progress both politically and economically. He is making a concerted effort to reintegrate the Peronists into the political process from which they have been excluded since 1955. The Peronists make up at least one third of the electorate. This effort is dependent partly on his ability to outmaneuver [] or otherwise persuade Juan Peron himself to lend at least tacit support. At the same time, he must convince the military that he will not give the Peronists control of the new government or even put them within striking range. The President's problem of balancing the Peronists and the military is compounded by a deteriorating economy that will require politically unpopular actions to correct. Despite these and many other problems, Lanusse will doggedly pursue his objective of an elected, constitutional government with, if all goes well, himself at its head.

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The Making of a President

General Alejandro Lanusse was to all appearances the antithesis of a politician before he was thrust onto center stage by events only partially of his own making. A somewhat dour man from one of Argentina's leading families, Lanusse typified the soldier's soldier. He fit well in his role as the strong right arm of President Ongania, who appointed him commander in chief of the army in August 1968, and even better as the power behind the throne, which he soon came to be. He led the ouster of President Ongania in June 1970 but was content to stay behind the scene and installed General Levingston as president.

When Lanusse did remove President Levingston less than a year later, he was motivated more by a strong instinct for survival than by driving political ambition. Though no puppet, Levingston chafed under the controls imposed on him by the military junta and finally initiated a show-down.

When Levingston tried to fire Lanusse as army commander, the armed forces backed the latter, and, on 23 March 1971, the three-man military junta reclaimed from Levingston the office it had earlier entrusted to him. General Lanusse was designated to serve as president until 1973, when he is scheduled to be succeeded by the air force commander.

Despite public apathy toward yet another change of generals at the top, Lanusse approached his new role with vigor. He announced that his presidency would be dedicated to returning Argentina to elected, constitutional government within three years. The exact timing, he said, would depend on how long it took to reconstitute the election machinery and reorganize political parties, which had been banned by Ongania in 1966. In this, he seemed to be expressing the desire of the vast majority of the military to get out of the business of government, but he recognizes the many obstacles that lie in his path.

Special Report

- 2 -

10 December 1971

SECRET

SECRET

25X1

Lanusse's Grand National Accord

It has been said that now, 16 years after the overthrow of the populist dictator Juan Peron, Argentina is again ripe for a demagogue. It has been further said that Alejandro Lanusse lacks the necessary qualities for the role. Indeed, Lanusse does not exhibit the traits of a charismatic leader, but he appears to be developing into an adept politician. He will, in fact, need considerable skill at political maneuvering, if he is to succeed in his plan to hold national elections and permit the full participation of the Peronists.

Lanusse's political plan envisages the welding of diverse political elements into some sort of national unity, which he terms the Grand National Accord. His first step toward this end was to invite representatives of all political parties and movements to participate in planning the mechanics of restoring political activity and moving toward elections. Recommendations for a new statute governing the organization of political parties and for new electoral procedures were received from the military and all major political groups except the Communists.

Emerging from this process were new guidelines for political parties. They are aimed at halting the proliferation of small parties and factions and at encouraging the emergence of new,



Ruling Junta, (Left to Right) Admiral Petro Gnani, General Alejandro Lanusse, and General Carlos Rey

younger leadership in the traditional parties. The development of only a few mass-based parties is being encouraged, and younger politicians are being given greater opportunities to achieve leadership positions by the institution of political primaries.

Recommendations for constitutional and electoral reform are open to public debate until, according to Lanusse's electoral calendar, the government's final decision is made on 31 May 1972. Recommendations by the Coordinating Commission appointed by the President include options on a four- or six-year presidential term and on two methods of electing a president. The first calls for direct popular vote for president and vice president by party lists. The second would establish an indirect election by the new congress in which the president and vice president could represent different parties. Both methods call for run-off elections if a majority is not achieved on the first ballot.

The most controversial provision is that the constitution can be amended by decree with ratification automatic if the new congress does not call for a constituent assembly within three years to consider the amendments. There is widespread opposition to this in political and juridical circles, but President Lanusse seems intent on obtaining the changes he believes necessary to the success of his plan.

Reorganization of the political parties is moving slowly and there appears little likelihood that they will be ready by next May to settle on presidential candidates. In this case, it is likely that Lanusse will opt for the indirect election of a president by congress. This method would provide Lanusse with another pressure point and would facilitate the promotion of his own candidacy through a confederation of provincial parties if other avenues have been closed off.

Lanusse's original conception of the Grand National Accord may well have had a grand alliance of the leading political parties nominating

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Special Report

- 4 -

10 December 1971

SECRET

SECRET

25X1

and electing him as the only major national candidate. Indeed, the new law governing political parties provides for the formation of confederations and electoral alliances, although as yet this has not been utilized. Two political coalitions have developed over the past year but so far have demonstrated little popular appeal and have had little success in smoothing over traditional political divisions.

President Lanusse seemed to be counting on the Hour of the People movement—a loose coalition of moderate Peronists, Radicals, and smaller parties—but in recent weeks has appeared to be less interested. The movement has declared that it has no intention of running agreed-upon candidates, and recently it was dealt a blow by the shake-up in Peronist leadership. Jorge Faladino—one of the original motivating forces behind the Hour of the People—asserts that his dismissal as Peron's chief political representative will have no effect on the coalition. He was strongly criticized by other Peronists for his role in it, and it is questionable whether Peronist support will continue.

The National Assembly of the Argentines is a coalition of the left: Communists, left-wing Peronists, and smaller leftist parties. It attempts to pattern itself on the Popular Unity front of Allende in Chile or the Frente Amplio in Uruguay. It has held successful rallies in Buenos Aires but is too small to figure prominently in elections, particularly as long as the Communist Party remains illegal.

It has been over five months since Lanusse officially opened the season for political reorganization, and so far the Grand National Accord—insofar as it relates to political parties—has not made significant progress. The divisions that have afflicted Argentine politics for decades remain, and, despite the new regulations, there is little evidence that political leaders are willing to submerge their differences in an effort to organize mass-based parties. The Radical Party has made little or no effort to draw its major factions back

together; rather, there are hints of even more infighting.

All the major political parties are having difficulty in attracting new members. Public apathy toward the parties probably stems from skepticism that the promised elections will actually be free and open as well as from disenchantment with the traditional parties and their leaders. Politically aware Argentines are skeptical that the military will allow Peronist candidates complete freedom of action. They have ample historical justification for believing that, if the elections actually do take place, the resulting government will be closely watched by the armed forces.

The Key to Success...or Failure

Juan Peron and his diverse group of followers will play a major role in the outcome of President Lanusse's ambitious plan. Peronists make up approximately one third of the electorate but have been effectively excluded from full

ELECTORAL CALENDAR

1972

- 1 Feb Evaluation of organization of political parties
- 31 May Decision on constitutional reform and electoral system
- 30 Jun Organization period for political parties ends
- 15 Aug Printing of provisional voting list
- Oct Convoking of elections
- 15 Dec Completion of voting lists

1973

- 25 Mar Elections
- 25 May Installation of new government

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political participation since Peron was ousted from power in 1955. Lanusse has correctly perceived that there is little chance for political stability without their participation. To reintegrate them into political life, however, Lanusse must overcome both Peronist suspicion and military opposition.

Lanusse, himself, was imprisoned for four years by Peron and was regarded as a staunch anti-Peronist. With this background, he has the credentials to carry out a rapprochement with the Peronists without being open to the charge of a sell-out. Nevertheless, as political activity intensifies, apprehension in the military is almost certain to increase and add to Lanusse's problems.

When Lanusse announced that he would work to turn the government over to a constitutionally elected president and congress, he was fully aware that the Peronists made up the largest electoral bloc in the nation and would in all probability win national elections. He therefore devised tactics aimed at turning this Peronist power to his advantage or at least neutralizing it.

His tactics were along two lines. First, he hoped to convince the former dictator to support the Grand National Accord or at least not oppose it actively. Secondly, the President hoped to divide the basically moderate Peronists from those who advocated an uncompromising hard line or even a violent approach to achieving power.

Various inducements have been dangled before the old dictator in an attempt to gain his cooperation. The Lanusse government has already taken steps to rehabilitate his image in Argentina and has hinted at a willingness to go much further. This appeal to Peron's vanity has been coupled with an apparent willingness to contribute financially to support his splendid exile in Madrid. Peron is widely believed to have stashed millions of dollars in Europe before he was overthrown in 1955.

he has asked for, and received, \$50,000 from the government and has applied for the presidential pension available to him under new regulations. Other possible inducements include reinstating Peron in the army with a retired general's pension, although this would be strongly opposed by the military.

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The second part of Lanusse's two-pronged offensive has produced more immediate results. His effort to attract the more moderate Peronists—and particularly labor—has met some degree of success. Large segments of the Peronist labor movement, and particularly the leadership, have cooperated in varying degrees with Lanusse.

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Moderate Peronists in the political sector have also demonstrated a willingness to work with him.

One of the first things Lanusse did to attract Peronists, or at least blunt their opposition, was to lift the wage ceiling imposed by Levingston. Although this contributed to inflation, it launched the President's drive toward the Grand National Accord on a positive note. Subsequent meetings between government officials and top labor leaders inaugurated a working relationship that has minimized labor problems over the past eight months. In fact, some national labor leaders have indicated that they would prefer to improve upon their relationship with the current military government, and particularly President Lanusse, rather than deal with an intermediary layer of Peronist politicians that might result from elections.

Following on this overture toward labor, Lanusse turned to the politicians. Peronist political leaders were included in the discussions that preceded the promulgation of the new political parties statute. Their opinions were sought on the other questions, such as electoral and constitutional reform.

Lanusse hopes to tarnish Peron's image in the eyes of the working masses—many of whom view his return as ranking in importance just behind the "second coming"—by demonstrating that it is the aging dictator himself, not the government, who has ruled out his return to Argentina. Toward this end the government has indicated that there are no legal barriers keeping Peron out of Argentina and has dropped the charges of statutory rape stemming from Peron's keeping of a 16-year-old mistress following the death of his wife Eva.

Lanusse also made a strong appeal to the Peronist masses when in September the body of Eva Peron was removed from a secret burial site in Italy and turned over to Juan Peron in Madrid. Before her death in 1952, Eva was worshipped by the working class as much as or more than her

husband, and the Peronists were outraged when her body was spirited away from its place of honor in the Labor Ministry following Peron's ouster. There is still some doubt as to whether her remains will ultimately be permitted final burial in Argentina, but Lanusse's action in ending the 16-year-old mystery has, at least partially, accommodated another long-standing Peronist demand.

Peron's Divided House

President Lanusse's attempt to attract at least the tacit support of certain segments of the Peronist movement has been aided by existing divisions within the movement. Peronist labor has three major factions: the "participationists," who have long advocated working with the government; the orthodox "62 organizations," which have ranged from moderate to militant; and a small minority of extremist unions—such as those in Cordoba—which consistently advocates confrontation tactics. The political sector has been similarly divided. The factions include the neo-Peronists, who preach the social and welfare doctrines of Peronism but without Peron; the moderates, who are willing to work through the Hour of the People coalition with the Radicals; the hard liners, who oppose any cooperation with the



Mobs Demonstrate for Peron's Return

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government or other parties; and the extreme leftist fringe, which is actively working toward the violent revolution it believes must come.

For years, Peron has perpetuated these divisions. The simultaneous existence of moderates, hard liners, and extremists has provided him with several options in pursuing the ultimate goal of bringing Peronism back to power in Argentina. He could at one and the same time negotiate with the government, play the role of loyal opposition, and seek to subvert the system. The divisions have also served to prevent any one politician or labor leader from achieving sufficient power or influence to pose a serious threat to Peron's leadership.

In recent weeks, there has been a major shake-up in the Peronist leadership along with several pronouncements from Madrid of a forthcoming reorganization aimed at unifying the movement. Jorge Paladino, Peron's personal representative in Argentina and leader of the Superior Council of the Peronist movement, has been

eased out. Hector Campora, described as little more than a yes-man, has been named to replace him. As chief negotiator, Paladino had been the Peronist most closely identified with President Lanusse. He had also been the driving force behind the Hour of the People. It is not clear whether the downgrading of Paladino resulted from the criticism he received because of these roles or whether it was simply that Peron wanted to be in complete control as negotiations with Lanusse enter the crucial phase.

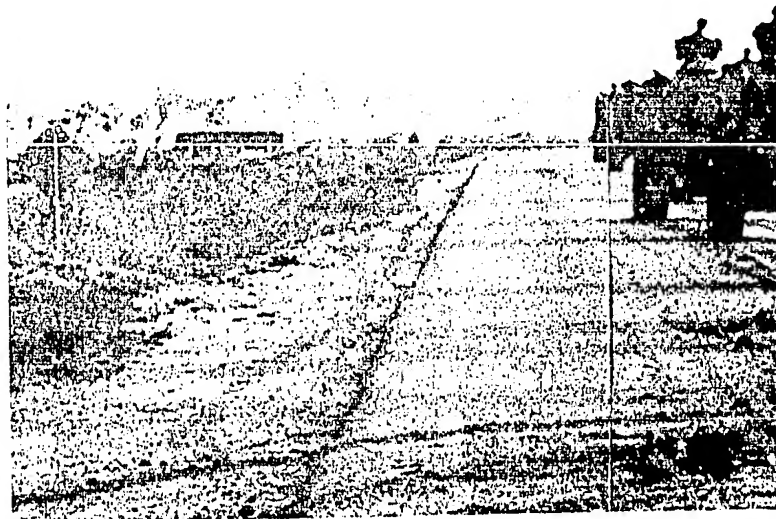
The shake-up touched off considerable confusion. There was even a shoot-out at Peronist headquarters. Nevertheless, both the labor and political sectors now are led by men little noted for their leadership, and both sectors are focusing on reorganization. Campora arrived in Buenos Aires on 26 November, after talks with Peron in Madrid, and announced that he was empowered to negotiate with the government and to reorganize the movement. The youth sector and the more extreme Peronist factions reportedly are being upgraded and will be represented on a nine-man superior council.

Evening, 8 October



Lanusse Denounces Colonels' Revolt

9 October



Tanks Roll to Crush Rebellion

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Peron faces difficulties in unifying factions that have long worked independently of one another, but his prestige as the ultimate leader remains unchallengeable. Many, perhaps most, of the leaders wish that Peron would "stay in his rocking chair in Madrid," but none would dare openly to challenge his authority. Ultimately, it seems, Peron will find it necessary to move either toward support of Lanusse's political plan or into more open opposition. It is doubtful that any unity he achieves can stand up under the strain of his decision.

The Military - The Ultimate Arbiter

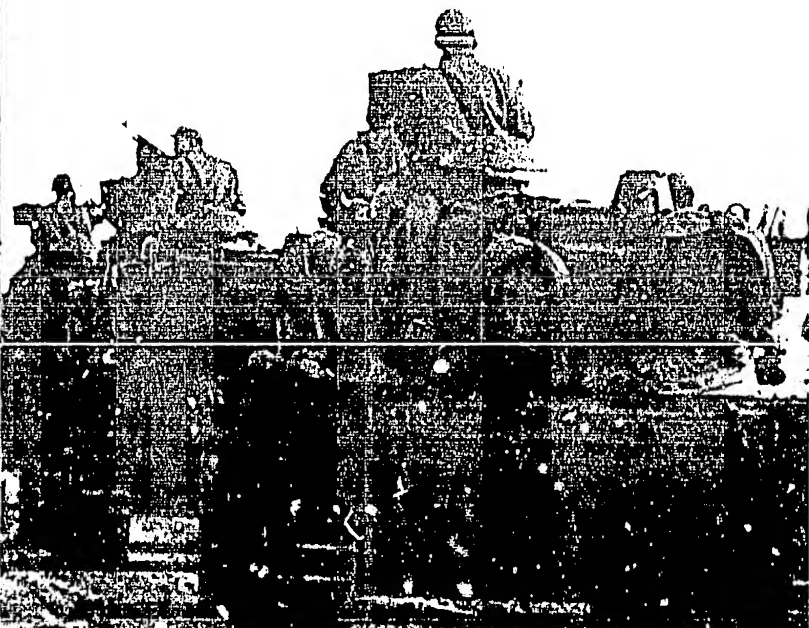
If Peron and his followers hold the key to success for Lanusse and his political plans, it is the military that will have the final word. It took armed force to oust Juan Peron in 1955, and the mere suggestion of a Peronist return to power has been anathema to the military ever since. Twice since 1955 the Peronist vote has been circumvented to elect a civilian president from the ranks of the Radicals. Both times, the president was removed when he was unable or unwilling to contain the surging Peronists. The success of Lanusse's maneuvering will therefore doubtless be determined primarily on the basis of the role the Peronists are accorded or seem capable of achieving in the new government.

A decision by Peron to support the Grand National Accord would go a long way toward ensuring the ultimate success of Lanusse's plan. On the other hand, a decision to oppose Lanusse—for instance by nominating for the presidency Peron or some other candidate unacceptable to the military—would even more surely ensure the failure of the Lanusse effort to restore a viable elected government to Argentina.

When Lanusse assumed the presidency, he retained his position as commander in chief of the army. With this dual role he is in much greater control of his destiny than were his predecessors. Not only has Lanusse derived strength from his position as army commander in a system where the chain of command is rigidly adhered to, but the majority of the senior officers, at least, are in

FOR LANUSSE

Evening, 9 October



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25X1

agreement with his effort to withdraw the military from direct responsibility for governing. The inability of the Ongania and Levingston administrations to deal effectively with Argentina's myriad problems prompted the growth of a strong back to the barracks sentiment.

Nevertheless, an undercurrent of opposition to Lanusse has surfaced twice in his eight months in office. This opposition has been almost exclusively among colonels and lieutenant colonels, and, although it has at times stirred into something more than a nuisance, it has never posed a serious threat. This apparently rather loose conspiratorial group known as the "colonels' movement" has, however, survived two attempts to eliminate it and continues to present a possible nucleus for future, more serious opponents.

The colonels' movement has suffered from a lack of leadership and a resultant inability to coordinate plans and actions. The philosophy of the officers involved is basically ultra-nationalist with strong statist leanings. Despite their espousal of populist economic programs, these would-be ideologues outlined a basically rightist political line in their manifesto last May. The colonels sought adherents by playing on the themes of a sell-out to foreign monopolies—i.e., US business interests—and the reappearance of the same old tried-and-found-wanting politics under Lanusse's Grand National Accord.

In May, President Lanusse moved to break up the conspiracy before the colonels could make their move to oust him. Little disciplinary action was taken beyond the forcible retirement of a few of the known leaders and the reassignment of others. In October, an apparent attempt by Lanusse to again pre-empt the plotters touched off the revolt in the garrisons at Azul and Olavarria. Threatened with reassignment to distant provinces, the leaders in Azul and Olavarria revolted and called on units around the nation to join in. Caught unprepared, the hoped-for allies never joined the rebel cause. In his role as commander in chief of the army, President Lanusse assumed

personal direction of quelling the insurrection. He dispatched troops to the rebel-held area the night of 8 October. By the following evening the revolt had been crushed and the President was giving his daughter away in marriage to a popular music star in the society wedding of the year. Lanusse's coolness under pressure, plus the fascist leanings of the rebels, inspired messages of support from the usually apathetic public.

In the wake of this mini-revolt, Lanusse moved more strongly against the dissidents. He is using year-end assignments and promotions to place officers personally loyal to him in strategic positions. The naming of General Sanchez de Bustamante to command the important First Army Corps in Buenos Aires is a prime example. General Sanchez de Bustamante is the military representative on the Coordinating Commission that made the recommendations on constitutional and electoral reform and has become a leading political spokesman for the President. Similarly, General Lopez Aufranc, a loyal Lanusse supporter, commands the powerful Third Corps in Cordoba.

The placing of Lanusse's own men in key assignments may add to discontent in the army, already resentful of being used as his personal tool. But, over the short run at least, it should have the desired effect of strengthening the President's position. At the same time, it is always difficult to determine just how deep personal loyalties go. For example, Lanusse himself played the leading role in the ouster of President Ongania, to whom he owed his post as commander of the army. There have been hints that both Sanchez de Bustamante and Lopez Aufranc harbor ambitions of their own.

President Lanusse appears to have secured his position for the next few months, but as the political situation begins to crystallize in the first half of 1972, he will probably become more open to military criticism. If the President seems to be losing the initiative to the traditional political forces, or if the Peronists come out of the

Special Report

- 10 -

10 December 1971

SECRET

SECRET

25X1

reorganization phase of Lanusse's political plea as by far the strongest party, new coup talk is not unlikely. Likewise, continuing deterioration of the economy could provoke those officers attracted by Brazil's economic success under a military regime to undertake active opposition to Lanusse and his plan to return to a civilian-based government.

Other Obstacles

The ultimate objective of the Grand National Accord appears to be to inaugurate an elected, civilian-based government with Lanusse at its head. He must, of course, overcome the Peronist and military obstacles, but there are other hurdles in his path. Chief among these is getting himself elected. Lanusse has publicly renounced any intention of putting himself forward as a candidate, but he has left the door open for a draft. His potential candidacy has also been floated publicly by various cabinet members and political spokesmen. There as yet has been no attempt to put together a Lanusse electoral party or front, and the question remains as to what organization he plans to use. A confederation of provincial parties or a coalition of Peronists and radicals have been suggested, but both pose considerable difficulties. The risk and the difficulty would, however, be reduced if the president were to be elected by congress rather than by direct popular vote.

Lanusse is also hampered in any potential campaign for the presidency by the damned-if-you-do, damned-if-you-don't conflict between Argentina's economic needs and its political realities. It is probably partly for this reason that he has embarked on a series of official visits that bear the marks of politicking from abroad. He has already met twice with President Allende of Chile and has traveled to Peru to talk with President Velasco. His trips to these "progressive" nations have met with favor among leftist elements in Argentina and have enhanced the President's image as a statesman. By the end of the first quarter of 1972 he will have balanced his travels

ideologically with trips to Paraguay, Ecuador, Colombia, and Brazil. By the time he completes his itinerary he will be one of the most widely traveled Latin American presidents in recent years. His effort to reassert Argentine influence and leadership in the hemisphere also will not be lost on opinion-makers at home. They are increasingly concerned over the aggressive drive for leadership being waged by Argentina's traditional rival, Brazil.

The Lanusse drive toward elections and regeneration of the Argentine political scene could also be sidetracked by a turn for the worse in the economy or a marked upsurge in urban violence. Either condition would increase political instability and make elections a risky undertaking in the eyes of the military. The Lanusse government has had significant success in combating terrorism in recent months, but the Argentine terrorists are still second only to the Uruguayan Tupamaros in activity in South America. The People's Revolutionary Army—the action arm of the Argentine Trotskyist party—is currently in a state of upheaval following the arrest of most of its top leaders, but it is still the most active of the several terrorist groups in the country and could yet pose a serious problem for Lanusse.

The government has had a good deal less success in coping with economic troubles. In September, stop-gap measures, including wage and price controls, curbs on imports, and new currency exchange regulations, were imposed. The government has had considerable difficulty in devising a longer term program to replace its temporary measures. The latest attempt at a long-range program is weakened by the government effort to avoid overly antagonizing any major group, and has little chance of significantly retarding the inflation rate or spurring the economy. Labor has been promised a maintenance of real wages, and an attempt has been made to balance off other special interest groups. Nevertheless, the program is being sharply criticized from all sides, and Lanusse will have considerable difficulty in selling it to the country.

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The problems with the economy and terrorism come together in the industrial interior city of Cordoba to create a powder keg with a relatively short fuse. Riots in Cordoba contributed, at least indirectly, to the downfall of Lanusse's two predecessors, and strikes and terrorist incidents have continued under his administration. The unions in Cordoba, particularly the large automotive workers unions, have long been more extremist than others around the country and many of them have been infiltrated by Trotskyists. Cordoba is the birthplace of the Trotskyist terrorist group, the People's Revolutionary Army. Lanusse is thus faced with the problem of keeping the lid on in Cordoba without appearing too arbitrary or repressive to the rest of the nation.

The government's tendency to drift while Lanusse was hospitalized recently for a kidney

operation has helped to illustrate that he has indeed made himself the indispensable man in Argentina today. He is a strong leader and a tough-minded individual who is not deterred by problems or adversity. He is expected to return to his job with full vigor. He has committed himself to a political solution of Argentina's many problems and will pursue this goal with single-minded determination. Many obstacles must be overcome and even insiders have been reported to give him no better than a 50-50 chance of a successful transition to an elected government, now scheduled to take place on 25 May 1973. Within the government and the military, however, it is generally agreed that if Lanusse can't do it, it probably can't be done.

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